ACKLANDS LIMITED ANNUAL REPORT

HIGHLIGHTS

	1968	1967
Sales	$116,705,941	$84,834,234
Income before depreciation, long-term interest and income taxes	4,986,074	3,294,266
Depreciation	768,405	686,758
Interest on long-term debt	1,019,184	538,647
Income before income taxes	$ 3,198,485	$ 2,068,861
Income taxes	(32,986)	(17,882)
Net Income	$ 3,231,471	$ 2,086,743
Working Capital	$ 30,020,858	$13,696,708
Number of branches	204	150
First preference shares outstanding	36,371	39,266
Second preference shares outstanding	366,741	—
Third preference shares outstanding	1,237,265	1,857,240
Common shares outstanding	1,230,954	523,479
Equity per first preference share	$ 676.26	$ 400.18
Equity per second preference share	64.59	—
Equity per third preference share	14.40	7.93
Equity per common share	9.45	10.40
Equity per share (combined common plus convertible third preference shares)	7.22	6.60
Earnings per first preference share	88.85	53.14
Earnings per second preference share	8.66	—
Earnings per common share (allowing for full conversion of third preference shares)	1.23	.85
Dividends paid first preference shareholders	56,555	59,082
Dividends paid second preference shareholders	145,555	—
Dividends paid common shareholders	170,354	83,197

NOTE—Shares designated as second preference in 1967 became third preference in 1968.

DIRECTORS AND OFFICERS

Board of Directors

*Hyman Bessin, Ottawa
Donald E. Boxer, Toronto
Michael H. Caine, London, England
John J. Dawson, Hamilton
*George Forzley, Vancouver
Guy L. Hudon, Montreal
Henry R. B. Kirkpatrick, Vancouver
Frederick H. Peacock, Calgary
Dr. Nathan Schecter, Ottawa
Nathan Starr, C.A., Toronto
*Donald J. Wilkins, Toronto
Joseph Wolinsky, Winnipeg
*Leonard Wolinsky, Toronto
Max Wolinsky, Q.C., Winnipeg

* *Members of Executive Committee*

Officers

Leonard Wolinsky, *Chairman of the Board*
Hyman Bessin, *President*
Nathan Starr, C.A., *Executive Vice-President and Secretary-Treasurer*
George Forzley, *Senior Vice-President and General Manager*
John J. Dawson, *Vice-President, Ontario*
Donald J. Dawson, *Vice-President, Manitoba*
Henry R. B. Kirkpatrick, *Vice-President, British Columbia*
Alex Kozma, *Vice-President, Saskatchewan*
Norman A. Peden, *Vice-President, Alberta*
Arthur Eramian, *Vice-President, Quebec and Director of Merchandising – Automotive*
Melville Byron, *Vice-President, Electronics and Consumer Goods Division*
Samuel H. Blank, *Vice-President, Purchasing*
Leonard G. Walker, C.A., *Assistant Secretary-Treasurer*
Arnold Glass, C.A., *Comptroller and Assistant-Secretary*
Allan Ireland, *Assistant to the Senior Vice-President – Inventory Control*

Transfer Agents and Registrars

First Preference Shares and Common Shares
The Canada Trust Company
Toronto, Winnipeg and Montreal

Second Preference Shares and 7½%
Series A Debentures
The Crown Trust Company, Toronto,
Winnipeg and Montreal

Third Preference Shares are transferable only
on the books of the company at Winnipeg

Counsel

Sokolov, Wolinsky and Company, Winnipeg

Auditors

Thorne, Gunn, Helliwell & Christenson

Fiscal Agents

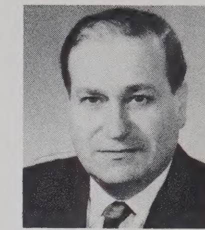
Fry & Company Limited, Toronto

Head Office

125 Higgins Ave., Winnipeg 2, Manitoba

ACKLANDS LIMITED
AND SUBSIDIARY COMPANIES

Leonard Wolinsky
Chairman of the Board



Hyman Bessin
President

DIRECTORS' REPORT

To the Shareholders:

Planned and measured expansion as well as integration and financial consolidation marked your company's operations in 1968.

Expansion was achieved both through the successful completion of a major program of acquisitions, as well as through the creation of new branches and the introduction of modern marketing techniques throughout the vast organization of your company.

To integrate the acquired companies into Acklands' efficient business structure required a substantial effort on the part of management and staff. This process is now nearing completion.

The financing of a vastly increased volume of business necessitated a broadening of the financial base of your company. This resulted in a significant change in the capital and long-term debt structure of Acklands and is reflected in the financial statements forming part of this report.

Financial Results

It is with great pleasure that your directors report another year of record sales and profits. Its results are particularly gratifying in view of the fact that two of the companies acquired in 1968 had been operating at a loss during the years preceding their acquisition.

Consolidated sales of Acklands for the year ended November 30, 1968, reached an all-time high of \$116,705,941, as compared to \$84,834,234 in 1967. Net income was \$3,231,471 against \$2,086,743 in the previous year. As a result of carry-forward of prior years' losses in the acquired companies, your directors do not anticipate a tax liability on consolidated earnings for 1968.

As you will note from the highlights illustrating your company's operations, the earnings per common share of Acklands for the year 1968 have been calculated assuming future conversion of all the outstanding 1,237,265 third preference (previously second preference) shares issued in consideration of the purchase of companies acquired prior to 1968. Earnings thus calculated (after preference dividends) amounted to \$1.23 per common share. Re-stated earnings for 1967, adjusted on the same basis for the purpose of comparison, were 85¢ per common share. Included in the 1968 profit and loss figures are: \$353,870 resulting from the sale of Morgan Welding Supplies Limited, \$46,061 in respect of profit on disposal of fixed assets \$34,256 being Acklands' share of net profit in a 50%-owned subsidiary and non-recurring expense items of \$363,380.

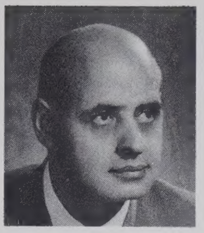
Capital Structure

After the conversion in 1969 of 340,000 third preference shares to be effected under a formula related to profits, the number of common shares outstanding will be 1,570,954. In connection with the purchase by your company of the J. H. Ashdown Hardware Company Limited, of Winnipeg, a new class of 6% cumulative, redeemable, convertible, second preference shares of Acklands was created with a par value of \$16 per share. These shares were issued to Ashdown's stockholders on a share-for-share basis and there are at present 366,741 shares of this class outstanding. The new second preference shares are now listed for trading on the Toronto Stock Exchange.

On June 15, 1968, your company issued \$10 million of 7½% unsecured convertible debentures, Series A, which, after deducting underwriting discount and expenses, yielded the company nearly \$9½ million. Of this amount some \$8 million was used to reduce bank indebtedness; the remainder, in addition to \$260,000 of your company's own funds, was expended to retire \$1,761,063 of debentures held by Cambooker Holdings Limited, of London, England. The retirement of these debentures eliminated an option held by Cambooker Holdings to purchase up to 300,000 common shares of the company at a price of \$8.342 per share. Your management thus avoided a substantial dilution of Acklands' common stock.

In another financial transaction, your company issued \$7.2 million first mortgage bonds bearing

Nathan Starr, C.A.
Executive vice-president
and secretary-treasurer



George Forzley
Senior vice-president
and general manager

interest at the rate of 7¾% per annum. The proceeds of this issue were used in part to retire the balance of the 6½% first mortgage bonds as outstanding on August 31, 1968 and to supply an additional $2 million of working capital.

Thus, a broad capital basis was established providing your company with ample funds to carry out and expand its business operations across Canada.

Acquisitions

Although shareholders were kept fully informed of developments throughout the year, your directors consider it useful to review briefly the corporate acquisitions made.

Delisle Ltée with a central warehouse located in Montreal and a number of branches in the Province of Quebec, is a distributor of automotive parts, supplies and other equipment. Through its subsidiary, DAL Warehousing Limited, this company now acts as Acklands' re-distribution outlet, selling to independent wholesalers in eastern Canada. Delisle Ltée was acquired on a cash basis.

With warehouses and branches located in northern Ontario and northwestern Quebec, another acquisition, The George Taylor Hardware Limited, added some $15 million to Acklands' sales of industrial and mercantile hardware. This purchase, significant as a substantial extension of Acklands' eastern distribution system, was made for cash and non-interest bearing notes.

H. C. Paul Limited, is a Winnipeg-based wholesale distributor of power equipment, including snowmobiles, inboard and outboard motors and industrial products. This company has customers in the prairies as well as in the Yukon and the Northwest Territories. It is now pioneering Power Town Stores, a new marketing concept to which reference is made elsewhere in this report.

The largest corporate purchase made in 1968 was that of The J. H. Ashdown Hardware Company Limited, of Winnipeg. Ashdown is a wholesale and retail organization distributing hard goods in three prairie provinces as well as in western Ontario and in eastern British Columbia.

At the time of acquisition, Ashdown had warehouses in Winnipeg, Regina, Saskatoon, Edmonton and Calgary and retail stores in Winnipeg, Brandon, Calgary, Moose Jaw and Yorkton. In addition, Ashdown had its own franchise organization covering approximately 160 retail dealers.

Although Ashdown's sales had been maintained at an annual level of $22-24 million, operations for a number of years prior to acquisition had resulted in substantial losses.

The acquisition of The J. H. Ashdown Hardware Company extended Acklands' network of wholesale hardware distribution across Canada, by linking the McLennan, McFeely & Prior organization in British Columbia with The George Taylor Hardware Company's system in Ontario and Quebec. A chain of distribution outlets thus formed made your company one of the largest hardware wholesale organizations in Canada.

Two more companies were acquired towards the end of the 1968 fiscal year—Thames Industrial Supplies Limited, a successful wholesaler and distributor of industrial supplies, materials handling equipment and machine tools, serving southwestern Ontario, and Mobile Automotive Products Limited, of Toronto.

Both of these companies were acquired for cash.

In the course of internal expansion, your company opened new branches in Revelstoke, B.C., Whitecourt, Alberta, St. Boniface, Manitoba and two additional outlets in the city of Saskatoon. In Quebec, new branches were opened in Normetal and Macamic.

Internal Organization

The acquisition in September of 1968 of the ailing Ashdown organization posed a major challenge to your company's management. To stop the long trend of continuous losses in this organization and to bring the new subsidiary in line with Acklands' operational standards, your directors had to take immediate and drastic steps in all areas of Ashdown's operations and administration.

Although the process of re-organization has not yet been completed, results already obtained have gone a long way towards reversing the long-established loss trend in this subsidiary.

New acquisitions, the growth of the franchised dealers organization and new marketing concepts necessitated a further improvement in your company's already highly-developed communication and data control systems.

As a result of Acklands' continuing expansion towards the east, it became necessary to increase the capacity of the data processing centre in Winnipeg. This facility now has two computers— an IBM 360/30 and a Burroughs B 500, sufficient to meet all present requirements. Increased capacity at Winnipeg enabled your management to discontinue the data processing operation in Vancouver, resulting in considerable savings. The Winnipeg centre plays a most important part in the franchised dealers operation known as the "Thrifty Valu" program, operated by the McLennan McFeely & Prior (Mc & Mc) organization in British Columbia and by Ashdown in Manitoba, Alberta and Saskatchewan. Orders received from franchised dealers are processed through telecommunication equipment, linked directly with the computer centre in Winnipeg. This computer-based communication and data processing system, aided by WATS lines and Acklands' teletype network, contributes greatly to efficiency and to the ability to provide service to customers.

In another area of internal organization, a cost reduction has been achieved by merging your company's three printing shops into one plant in Winnipeg. Most of Acklands' stationery, catalogues and business forms are now printed in this well-equipped plant.

Marketing

In an era of unprecedented progress and in a competitive environment, it is necessary to keep constantly ahead of others in organization, service and marketing.

While continuing to expand the traditional wholesale distribution business, your company is developing new marketing concepts and working hard on improving existing techniques.

One of the most promising areas in this respect is Acklands' "Thrifty Valu" retail program. It was developed by the Mc & Mc division in British Columbia and is now being expanded successfully to the Ashdown's franchised dealers organization.

Well over 360 retailers in Manitoba, Alberta and Saskatchewan have joined our Thrifty program, bringing the total number of franchised dealers to over 600. Encouraged by the success of the program in western Canada, your directors intend to expand it eastward through the marketing facilities of The George Taylor Hardware and K & M Hardware Company in Ontario.

Another modern marketing approach now being developed by Acklands is the Power Town concept. A new Power Town store was opened in Winnipeg as a pilot project aimed at the sale of goods and services in the field of leisure oriented power equipment. Major items include outboard motors, snowmobiles, motorcycles, lawn mowers, snow blowers, chain saws and other similar consumer goods. The Power Town concept is being pioneered by your subsidiary, H. C. Paul Limited and one of its most important features is the stress on providing highly skilled maintenance and repair service, not normally offered by department stores or other retail outlets. Power Town stores, owned or leased by your company will be operated by franchised licencees.

As mentioned earlier in this report, included in the Ashdown acquisition were five retail stores operated by that company. Although aware of this being a departure from Acklands' long established wholesale trading pattern, your management decided to continue these retail operations. They are now being used to test markets, products and techniques for your company's growing "Thrifty Valu" program.

To illustrate the size of your company and the extent of its operations in quantitative terms, the following figures seem worth mentioning: your company has 204 warehouses and branches, 3,000 employees, 75,000 customers and well over 60,000 items of merchandise. It owns real

estate for which it paid approximately $10 million and which is now valued at some $15 million. It occupies a total of approximately four million square feet. In addition to its marketing outlets, Acklands operates 50 machine shops and two plants engaged in the rebuilding of automotive engines and other components.

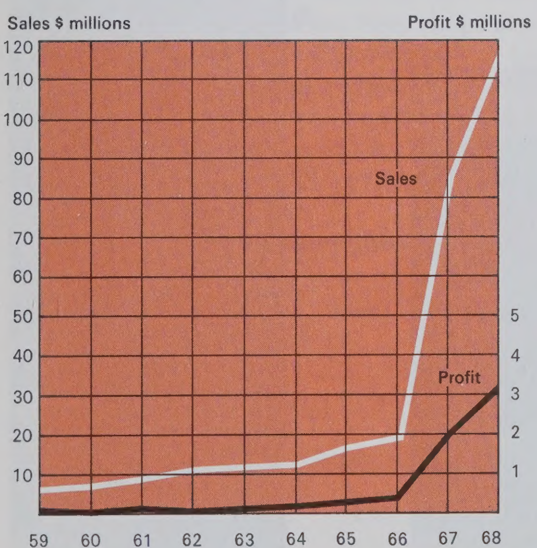
New Developments

One of the most exciting and promising projects currently being organized, is the creation of an import division. For a number of years your company has been importing some of its merchandise from Japan and the Far East, and a buying office was opened in Osaka, Japan in 1966. Acklands' steadily growing business volume and the possibility of large savings, warranted an extensive study of productive facilities in the Far East. This was undertaken by your company's chairman, Mr. L. Wolinsky and a group of Acklands' executives. Results of the study are most encouraging and contacts have been established with manufacturers in many areas of the Far East with a view to obtaining additional exclusive distribution rights for certain quality products in Canada. Some trial shipments of new products have already arrived in Canada and are being used to test the market before final commitments are made.

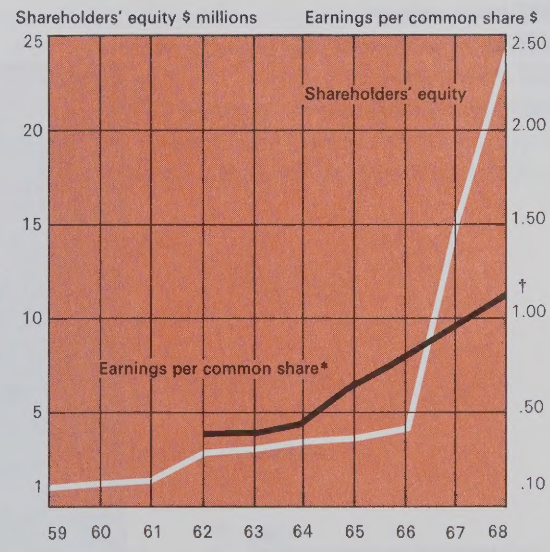
It is intended to seek suppliers also in other countries and to expand further the company's product range.

Your directors have secured the services of Mr. Blake Forrest, a man highly experienced in the

Acklands Limited:
10 year sales and profits



Acklands Limited: Earnings per
common share and shareholders' equity



*Not comparable prior to 1962

†After allowing for complete conversion of third preference shares

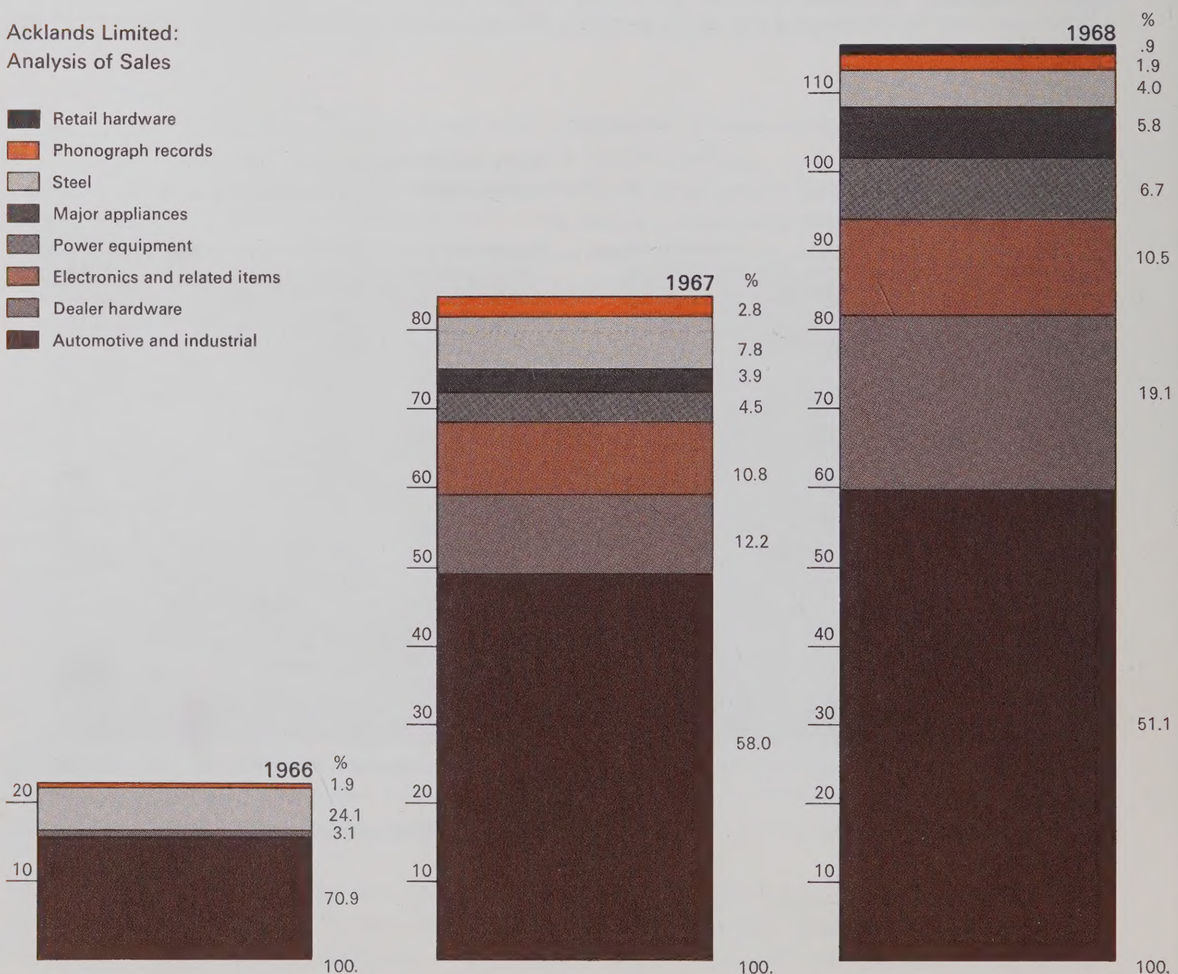
import trade, to head the new division which will be operated under the name of Westward Distributors. Apart from supplying Acklands' own requirements, the import division will act as re-distributor of foreign merchandise to wholesalers across Canada.

Your directors hold great hopes that Westward Distributors will become a new high-return profit centre.

In another area of your company's activities, great strides are being made in the development of the electronics division. Acklands has three subsidiaries operating in this field: Lee Bern Electronics in Winnipeg, Western Agencies in Vancouver and Canadian Electronics in Edmonton. These companies have branches throughout the West. It is in the Edmonton centre where greatest progress is being made. Highly trained electronics engineers now plan and design complete sophisticated communications systems for airports, schools, hospitals, industry and governments at all levels. A new ultra-modern studio has just been completed in Edmonton which will serve to demonstrate the various systems and to train customers in their operation.

A new development is also taking place in the automotive division of your company. The acquisition last year, of Mobile Automotive Products Limited in Toronto has provided your manage-

Acklands Limited:
Analysis of Sales



ment with the opportunity of entering the Ontario automotive re-distribution market. As you may know, two of your company's subsidiaries operate in this field. Western Warehouse Distributors Limited, covering all major cities in western Canada, and DAL Warehousing Limited, serving the province of Quebec.

Mobile's large and modern warehouse in Toronto is now equipped and stocked to serve as a re-distribution centre for Ontario.

Two other developments, though of lesser economic importance, may be of interest to shareholders. For some time now, your management had felt that Acklands' steel operations in British Columbia did not earn a sufficiently high return on investment. After careful consideration, your directors decided to sell the complete inventories of the steel warehouses in Victoria, Vancouver, Prince Rupert and Prince George and to put the vacated facilities to more profitable use. The steel service centres in Toronto, Edmonton and Winnipeg continue in operation.

As a modest and exploratory step towards vertical expansion, your company's industrial hardware division recently started the manufacture of metal frames for doors and windows. Though relatively small, this operation will contribute to the profitability of the division by reducing substantially the cost of the manufactured items.

Outlook and Company Policy

Your directors are confident that barring an unlikely general decline in the Canadian economy, Acklands will continue on its upward trend in sales and profits. In 1969, this growth is expected to come from within, as no major corporate acquisitions are anticipated this year. Management's objectives for the immediate future are internal consolidation and increased profitability. These aims your directors hope to achieve through integration of all operations, full utilization of new high-return marketing concepts and techniques, as well as through the elimination and closing down of those locations which do not yield satisfactory returns on invested capital.

Only after this process has been successfully completed, hopefully towards the end of the current fiscal year, your directors will again turn their attention outward to give consideration to further rewarding corporate acquisitions.

As in previous years, the credit for the success achieved in 1968 goes to our able management team at all levels of responsibility and to our devoted staff. Recognizing that in the final analysis, it is people who make a company fail or prosper, we wish to pay tribute to the loyalty and dedication of all our employees.

On behalf of the board of directors,

L. Wolinsky, Chairman

H. Bessin, President

Toronto, April 2, 1969

ACKLANDS LIMITED (Incorporated under the laws of Manitoba)
AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET

November 30, 1968 (with comparative figures at November 30, 1967)

ASSETS	1968	1967
Current assets		
Cash	$ 911,663	$ 819,332
Accounts receivable	24,328,303	15,596,071
Inventories, at the lower of cost and net realizable value	39,130,649	27,983,367
Prepaid expenses	433,943	377,609
	64,804,558	44,776,379
Other assets		
Investment in 50% owned company (note 1)	124,698	
Non-current accounts receivable	184,224	131,774
Special refundable tax	88,107	81,459
Cash for first preference share purchase	50,000	50,000
Deposit on purchase of subsidiary		100,100
Mortgages and other investments, at cost	427,643	113,611
	874,672	476,944
Fixed assets, at cost (note 2)		
Land, buildings, equipment and leasehold improvements	25,680,926	16,095,648
Less accumulated depreciation	12,136,505	5,938,108
	13,544,421	10,157,540
Intangibles and deferred charges		
Excess of cost of shares in subsidiaries over book value at acquisition		59,254
Unamortized debenture, bond and share issue costs		178,492
Goodwill, at cost		5,002
		242,748
	$ 79,223,651	$ 55,653,611

Approved by the Board
Nathan Starr, Director
George Forzley, Director

AUDITORS' REPORT

To the Shareholders of Acklands Limited

We have examined the consolidated balance sheet of Acklands Limited and its subsidiary companies as at November 30, 1968 and the consolidated statements of income, retained earnings and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

LIABILITIES	1968	1967
Current liabilities		
Bank advances (note 3)	$ 13,587,566	$ 14,768,785
Accounts payable and accrued liabilities	20,006,471	14,784,277
Taxes payable	342,124	685,229
Payable to shareholders		231,414
Principal instalments due within one year on long-term debt	847,539	609,966
	34,783,700	31,079,671
Long-term debt (note 4)	19,291,258	8,430,044
Interest of minority shareholders in subsidiaries	552,305	430,100
SHAREHOLDERS' EQUITY		
Capital stock (note 5)	17,962,631	11,632,150
Excess of book value of subsidiaries over cost of shares at acquisition	697,147	
Contributed surplus, arising on purchase of first preference shares	7,090	1,433
Retained earnings	5,929,520	4,080,213
	24,596,388	15,713,796
	$ 79,223,651	$ 55,653,611

Contingent liabilities (note 7)
Long-term leases (note 8)

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1968 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne, Gunn, Helliwell & Christenson

Winnipeg, Canada
March 12, 1969

Chartered Accountants

CONSOLIDATED STATEMENT OF INCOME

Year ended November 30, 1968 (with comparative figures for 1967)

	1968	1967
Sales	$116,705,941	$ 84,834,234
Cost of sales, selling and administrative expenses before the following	109,903,155	80,233,102
	6,802,786	4,601,132
Deduct		
Depreciation	768,405	686,758
Amortization of deferred charges		12,922
Interest on long-term debt	1,019,184	538,647
Other interest	1,303,285	783,260
Remuneration of directors and senior officers	511,412	458,602
	3,602,286	2,480,189
Income before income taxes	3,200,500	2,120,943
Income taxes (note 6)	1,617,014	1,272,118
Income tax reductions resulting from the application of losses carried forward by companies acquired (note 6)	(1,650,000)	(1,290,000)
	(32,986)	(17,882)
Income before undernoted items	3,233,486	2,138,825
Gain on sale of subsidiary	353,870	
Profit (loss) on sale of fixed assets	46,061	(30,161)
	399,931	(30,161)
Non-recurring expenses	363,380	
	36,551	(30,161)
Net income for the year before interest of minority shareholders	3,270,037	2,108,664
Interest of minority shareholders	38,566	21,921
Net income for the year	$ 3,231,471	$ 2,086,743

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended November 30, 1968 (with comparative figures for 1967)

	1968	1967
Balance at beginning of year	$ 4,080,213	$ 2,135,749
Net income for the year	3,231,471	2,086,743
	7,311,684	4,222,492
Deduct		
Dividends on		
First preference shares	56,555	59,082
Second preference shares	145,555	
Common shares	170,354	83,197
	372,464	142,279
Write off of debenture, bond and share issue costs	1,009,700	
	1,382,164	142,279
Balance at end of year	$ 5,929,520	$ 4,080,213

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year ended November 30, 1968 (with comparative figures for 1967)

	1968	1967
Source of funds		
Operations		
Net income for the year	$ 3,231,471	$ 2,086,743
Items which do not involve a current outlay of funds		
Depreciation and amortization	768,405	699,680
Profit on sale of subsidiary	(353,870)	
Increase in equity of 50% owned company	(34,256)	
	3,611,750	2,786,423
Sale of fixed assets	385,883	584,153
Sale of investments	778,517	
Issue of common shares	265,000	70,000
Mortgage funds received	95,889	368,600
Working capital of subsidiaries at date of acquisition	8,210,274	10,865,358
Issue of second preference shares	5,867,856	
Issue of third preference shares		9,286,200
Issue of 7½% Unsecured Convertible Debentures	10,000,000	
Issue of First Mortgage Bonds	7,200,000	5,060,000
Issue of 6% subordinated debentures		2,306,486
Issue of non-interest bearing notes	500,000	
	36,915,169	31,327,220
Application of funds		
Additions to fixed assets	1,667,592	724,246
Reduction of long-term debt	7,062,274	7,777,568
Dividends	372,464	142,279
Deposit on purchase of subsidiary	(100,100)	100,100
Investment in subsidiaries	10,620,736	12,269,888
Debentures and bond issue costs	818,621	
Other	149,432	172,224
	20,591,019	21,186,305
Increase in working capital	16,324,150	10,140,915
Working capital at beginning of year	13,696,708	3,555,793
Working capital at end of year	$ 30,020,858	$ 13,696,708

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Year ended November 30, 1968

1. Basis of Consolidation

The consolidated financial statements include the accounts of all subsidiaries, all of which are wholly-owned, with the exception of minority interests in preferred shares of two subsidiaries and a small minority interest in common shares of one subsidiary.

It is the company's practice to include in income its equity in net earnings of companies 50% owned and reflecting the investment in such companies at the value of their underlying net tangible assets.

2. Fixed Assets

	1968			1967
	Cost	Accumulated depreciation	Net	Net
Land	$ 2,581,823	$	$ 2,581,823	$ 1,725,773
Buildings	13,559,748	5,470,817	8,088,931	5,817,151
Equipment	8,973,514	6,358,678	2,614,836	2,418,079
Leasehold improvements	565,841	307,010	258,831	196,537
	$ 25,680,926	$ 12,136,505	$ 13,544,421	$ 10,157,540

Depreciation has been recorded on a basis to amortize the cost of the assets over their estimated useful life.

3. Bank advances

Bank advances are secured by the assignment of accounts receivable, a first floating charge on inventories and a junior floating charge on other assets.

4. Long-term debt

	1968	1967
Acklands Limited		
7½% Unsecured Convertible Debentures Series A, maturing June 15, 1988	$ 10,000,000	
Non-interest bearing notes, payable $100,000 January 3, 1969 to 1973 inclusive	500,000	
6½% First Mortgage Bonds		$ 5,060,000
6% Subordinated debentures		1,761,063
Non-interest bearing debentures		270,000
Acklands Leasehold Properties Limited		
7¾% First Mortgage Bonds Series A, maturing August 15, 1986, payable $200,000 February 15 and August 15, 1969 to 1986 inclusive	7,200,000	
J. J. Dawson Limited		
5.75% Serial debentures, maturing January 1, 1970, payable $80,000 January 1, 1969 and $20,000 January 1, 1970	100,000	180,000
Delisle Limited (see note)		
7% Sinking Fund Debentures, maturing May 1, 1973, payable $35,000 May 1, 1969 to 1972 inclusive with the balance payable on May 1, 1973	275,500	
6% to 8½% Mortgages and agreements, payable in monthly instalments	2,063,297	1,768,947
	20,138,797	9,040,010
Less principal instalments included in current liabilities	847,539	609,966
	$ 19,291,258	$ 8,430,044

Note: There are common share purchase warrants of Delisle Limited outstanding which entitle the holders to purchase 8,000 common shares of Delisle Limited at $10.00 per share up to May 1, 1973 and 11,130 common shares at $12.50 per share up to May 1, 1970 and at $15.00 per share thereafter up to May 1, 1973.

5. Capital stock

(a) Authorized and issued

	Authorized		Issued	
	Shares	Amount	Shares	Amount
6% Cumulative first preference shares, par value $25 each, redeemable at $26.25 each	39,266	$ 981,650	39,266	$ 981,650
Less purchased for cancellation during the year	2,895	72,375	2,895	72,375
	36,371	909,275	36,371	909,275

(Continued)

(Continued)

	Authorized Shares	Authorized Amount	Issued Shares	Issued Amount
Second preference shares issuable in series, par value $16 each	1,000,000	$ 16,000,000		
Series A – 6% cumulative, convertible and redeemable at $17 each (issued during the year)	373,517	5,976,272	366,741	$ 5,867,856
Third preference shares, convertible, non-participating, voting, par value $5 each	1,857,240	9,286,200	1,857,240	9,286,200
Less converted to common shares during the year	619,975	3,099,875	619,975	3,099,875
	1,237,265	$ 6,186,325	1,237,265	$ 6,186,325
Common shares without par value	2,000,000		523,479	1,364,300
Add issued during the year				
By conversion of third preference shares	619,975		619,975	3,099,875
Other			87,500	535,000
	2,619,975		1,230,954	4,999,175
				$ 17,962,631

Common shares reserved for issue	Expiry date	Price	Number of common shares reserved
Upon conversion of 7½% Unsecured Convertible debentures Series A	June 14, 1978	$ 14.28	700,000
On exercise of stock purchase warrants issued with 7¾% First Mortgage Bonds Series A	September 1, 1978	14.29	45,000
			745,000

(b) Supplementary Letters Patent

During the year the company obtained Supplementary Letters Patent

(a) Increasing its authorized capital by the creation of 1,000,000 (new) second preference shares par value $16 per share of which 373,517 have been designated as 6% cumulative convertible second preference shares Series A redeemable at $17 per share after June 30, 1970. The 373,517 shares may be converted into 373,517 common shares of the company upon the payment of $1 per share any time after June 1, 1970.

(b) Reclassifying its second preference shares as third preference shares.

(c) Subsequent transactions

340,000 Third preference shares are to be converted into 340,000 common shares, in accordance with the conversion rights attached thereto, thereby decreasing the issued and authorized third preference share capital by $1,700,000 and increasing the authorized and issued common share capital by a like amount.

6. Income taxes

No income taxes are payable for the year as a result of the application of previous years' losses of acquired companies against the current year's income. Taxes otherwise payable for the year would have been $1,650,000 ($1,290,000 in 1967).

At November 30, 1968 losses aggregating $5,402,500 were available to offset future earnings in certain of the acquired companies. Some of these companies have appealed certain assessments which have been fully provided for in the accounts. In the event that these appeals are successful the losses available at November 30, 1968 to offset future earnings would be increased by $310,000.

In the case of certain of the companies, capital cost allowances have exceeded depreciation recorded in the accounts in prior years. In 1968, depreciation in these companies exceeded capital cost allowances and, accordingly, accumulated tax reductions applicable to future years (not recorded in the accounts) have been reduced from $232,000 to $111,000.

7. Contingent liabilities

Contingent liabilities under conditional sales agreements assigned with recourse and other guarantees total approximately $1,327,000.

8. Long-term leases

The companies have commitments under leases extending through 1995 which, after recoveries from sub-tenants totalling $1,119,000, call for future net rentals of approximately $4,548,000.

10 YEAR RECORD OF GROWTH

	1968	1967	1966	1965
Sales	**$116,705,941**	**$84,834,234**	**$19,838,899**	**$16,899,600**
Income before undernoted items	4,986,074	3,294,266	1,262,295	868,921
Depreciation	768,405	686,758	222,874	129,921
Interest on long-term debt	1,019,184	538,647	153,906	128,663
	1,787,589	1,225,405	376,780	258,584
Income before taxes	3,198,485	2,068,861	885,515	610,337
Taxes on Income	(32,986)	(17,882)	425,000	240,200
Net Income	**$ 3,231,471**	**$ 2,086,743**	**$ 460,515**	**$ 370,137**
Net Income per share				
First Preference	$ 88.85	53.14	11.61	9.25
Second Preference	$ 8.66			
Common plus Convertible Third Preference	$ 1.23	.85		
Working Capital	**$ 30,020,858**	**13,696,708**	**3,555,793**	**3,345,521**
Shareholders' Equity	**$ 24,596,388**	**15,713,796**	**4,332,409**	**3,897,283**
Equity per Share				
First Preference	$ 676.26	400.18	109.20	97.43
Second Preference	64.59			
Third Preference	14.40	7.93		
Common	9.45	10.40	6.91	6.32
(Combined—Common plus Third Preference)	7.22	6.60		
Shares Issued				
First Preference	36,371	39,266	39,675	40,000
Second Preference	366,741			
Third Preference	1,237,265	1,857,240		
Common	1,230,954	523,479	483,479	458,479
Dividends Paid				
First Preference	$ 56,555	59,082	59,731	60,000
Second Preference	145,555			
Common	170,354	83,197	58,018	45,848
Number of Branches	**204**	**150**	**36**	**33**

NOTE—1. 340,000 Third Preference Shares to be converted to common in 1969, in accordance with a formula related to 1968 profit.
2. Shares designated as Second Preference in 1967 became Third Preference during 1968.

1964	1963	1962	1961	1960	1959
$12,578,025	$12,272,781	$11,526,144	$ 9,342,251	$ 7,564,737	$ 6,746,000
647,733	495,426	318,934	533,344	368,522	380,984
85,530	64,677	47,306	44,849	24,396	22,333
109,718	104,783	80,658	73,971	24,274	2,343
195,248	169,460	127,964	118,820	48,670	24,676
452,485	325,966	190,970	414,524	319,852	356,308
201,500	125,500	18,200	199,392	144,025	170,510
$ 250,985	$ 200,466	$ 172,770	$ 215,132	$ 175,827	$ 185,798
6.27	5.01	4.32		(See below)	
2,864,230	2,421,916	2,938,422	1,429,138	1,562,113	1,198,447
3,632,994	3,237,857	3,121,621	1,490,175	1,350,745	1,236,537
90.82	80.95	78.04		(See below)	
5.74	5.56	5.27			
40,000	40,000	40,000	Nil	705	705
458,479	402,300	402,300	302,300	3,023	3,023
60,000	60,000	38,800	—	4,935	1,939
45,848	40,230	40,230	75,575	24,184	32,497
30	27	22	19	15	7

Earnings and equities per share have not been shown prior to 1962, as these would not be comparable.

Acklands' Thrifty Valu Program

(TradeMark)

THE ACKLANDS STORY

ACKLANDS LIMITED
Head Office: 125 Higgins Avenue, Winnipeg, Manitoba

Acklands' Thrifty Valu Program

(TradeMark)

THE ACKLANDS STORY

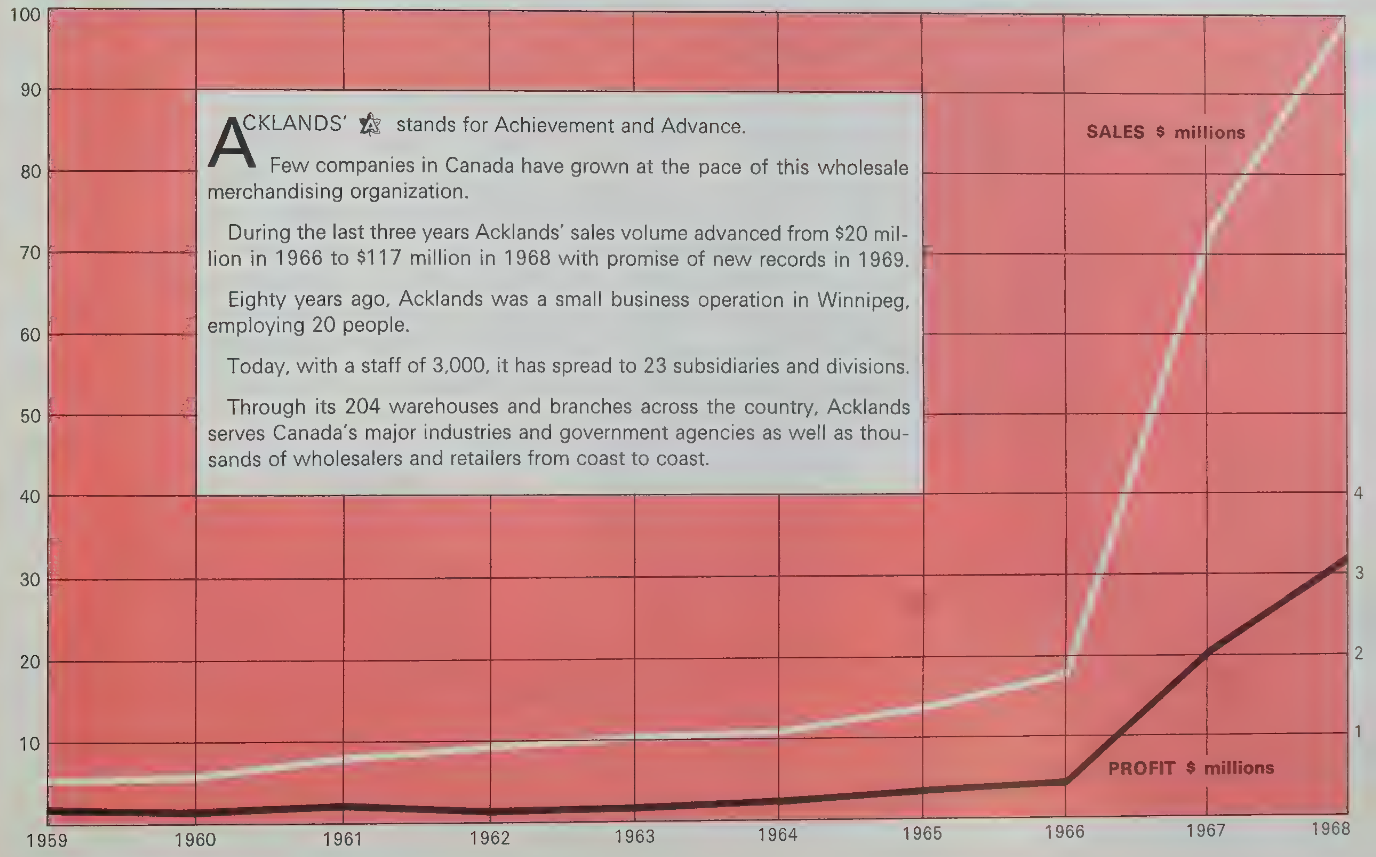
THE ACKLANDS GROUP OF COMPANIES

ACKLANDS LIMITED
Head Office
125 Higgins Avenue, Winnipeg, Manitoba

The J. H. Ashdown Hardware Company Limited
Bowman Brothers Distributors Limited
H. C. Burton Company Limited
Canadian Electronics Limited
Delisle Ltée
DAL Warehousing Ltd.
Gillis & Warren Limited
Johnston Appliances Limited
Major Appliances
Mc & Mc Metal Services
McLennan, McFeely & Prior Limited
Fred C. Myers Limited
H. C. Paul Limited
Steel Distributors Limited
Taylor, Pearson & Carson Limited
Thames Industrial Supplies Ltd.
The George Taylor Hardware Limited
Western Agencies Limited
Western Automotive Rebuilders
Western Warehouse Distributors Limited
Westward Distributors
Westward Investments Limited
Westward Power Equipment

SERVICE

GROWTH



ACKLANDS' stands for Achievement and Advance.

Few companies in Canada have grown at the pace of this wholesale merchandising organization.

During the last three years Acklands' sales volume advanced from $20 million in 1966 to $117 million in 1968 with promise of new records in 1969.

Eighty years ago, Acklands was a small business operation in Winnipeg, employing 20 people.

Today, with a staff of 3,000, it has spread to 23 subsidiaries and divisions.

Through its 204 warehouses and branches across the country, Acklands serves Canada's major industries and government agencies as well as thousands of wholesalers and retailers from coast to coast.

The Acklands Story

Leonard Wolinsky
Chairman

The Acklands' organization of today had its beginnings in the early pioneer days of western Canada.

McLennan, McFeely and Prior Limited, a wholly-owned subsidiary, is over 110 years old; another subsidiary, The J. H. Ashdown Hardware Co. was established in 1869, two years after Confederation, and the original Acklands father-and-son partnership of the founder, Dudley Ackland, set up shop in Winnipeg in 1889.

The basic service concept of these pioneers, "Go to where your customer is and supply him with what he needs" has been sustained in the present Acklands organization. Dudley Ackland's corporate descendants adhere to the policy on which Acklands' reputation and its success have been based from the very beginning.

Building on this historic foundation, the new Acklands – the Acklands listed on the Toronto, Winnipeg and Vancouver stock exchanges, with 2½ million shares in the hands of investors across Canada – has evolved into a thoroughly modern distribution organization, staffed by merchandising experts whose watchword is SERVICE.

The new Acklands dates back to 1959, when Leonard Wolinsky and Hyman Bessin purchased the company from Leonard's father, Joseph Wolinsky who, with a group of fellow investors, had acquired control from the Ackland family ten years before.

Leonard Wolinsky and Hyman Bessin invited Nathan Starr and later George Forzley to join them in the venture of launching the Acklands of today – the Acklands that now boasts an executive team unrivalled in talent and dedication.

How can Acklands be described?

Acklands is a wholesale distributor of hard goods of all types. Automotive parts, equipment and accessories, electronics parts and supplies, communications systems, material handling equipment, home appliances and home entertainment products; 60,000 different items of hardware, welding and other industrial products, as well as steel: bars, reinforcing, sheets and plates.

An important facility at Acklands' automotive supply centres are the machine shops which provide expert mechanical service to garages and service stations in the areas concerned. From these machine shops there has developed a complete re-manufacturing operation which re-builds engines, clutches and brake shoes.

The organization's computer centre in Winnipeg controls the vast inventories and handles besides a multitude of routine accounting, billing and analytical tasks, making Acklands one of the most efficiently run companies in the country.

Growth in recent years has come via two separate policies: by developing branches in new areas where they could operate profitably, and through acquisitions.

Acklands' product list is widely diversified, but the Acklands' acquisition program is mono-lineal. Acklands is not a conglomerate. Each acquisition was related to an existing Acklands division or department, extending it into a geographical area which was not served before.

The policy has always been that of acquiring only businesses with whose type of operations Acklands is already thoroughly familiar.

To illustrate this point, the original Acklands was well known as a distributor of automotive parts and industrial hardware. The acquisition of other companies in this same field was a logical move to achieve growth, and so into the Acklands orbit there entered such firms as Bowman Brothers Distributors Limited in Saskatchewan; Gillis & Warren Limited and The J. H. Ashdown Hardware Company Limited in Manitoba; Taylor, Pearson and Carson Limited in Alberta; McLennan, McFeely and Prior Limited in British Columbia; The George Taylor Hardware Limited, H. C. Burton Company Limited, Thames Industrial Supplies Limited, and Mobile Automotive Products Limited in Ontario and Delisle Ltée in Quebec.

Mc & Mc (as the British Columbia subsidiary is familiarly known in that province) has, apart from handling a variety of other products, distribution rights for many lines of marine and power equipment in British Columbia. It was only natural to link up with H. C. Paul Limited, a company which distributes similar lines in the Prairies.

Acklands who are the distributors of the Decca label records in Alberta, acquired Johnston Appliances who in turn held the Decca distribution franchise for British Columbia. Subsequently, Taylor, Pearson and Carson who are distributors of Quality and MGM records in Alberta and British Columbia joined the Acklands family of companies.

To handle the various labels, separate and distinct record divisions were formed within the organization.

It was in this manner, through following a policy of expansion and acquisition along familiar lines, that from its comparatively modest beginnings, the original Acklands was able to grow into the huge, highly co-ordinated service organization which it is today.

Led by its driving management team, Acklands has been able to absorb and merge its acquisitions into one strong merchandising organization, each component forming a sturdy link of an ever widening Acklands' distribution chain.

Intensive planning has eliminated the duplication and overlapping of services and facilities within the organization and has brought about major economies, with still more to come.

Good management has always been an Acklands' tradition. The learning from the hard knock experience of Acklands' training programs has graduated a gratifying supply of executive talent. In this way, most of the present management personnel has been recruited from Acklands' ranks. These talented people have developed strong loyalties and a dedicated family feeling for the company.

Directors and officers discuss plans for the coming year: (l. to r.) George Forzley, senior vice-president and general manager; Nathan Starr, C.A., executive vice-president and secretary-treasurer; Hyman Bessin, president; Donald J. Wilkins, director; and Leonard G. Walker, C.A., assistant secretary-treasurer.

How Acklands Operates

Divisional heads meet frequently to co-ordinate merchandising plans. Photographed at a recent meeting in Toronto: (l. to r.) Donald J. Dawson, vice-president, Manitoba; Alex Kozma, vice-president, Saskatchewan; Henry R. B. Kirkpatrick, vice-president, British Columbia; John J. Dawson, vice-president, Ontario.

While the head office of the Acklands' organization has remained in Winnipeg, Manitoba, where Dudley Ackland, the founder, opened his wagon repair and blacksmith business way back in 1889, the company's executive centre is based in Toronto.

With provincial and divisional vice-presidents located strategically at different centres right across the country, communication between top management and the executive team is quick, frequent and flexible.

All of the company's directors, its president and its board chairman play an exceedingly active role in the conduct of Acklands' affairs. These are no armchair executives remote from the battle fronts of their employees. They travel extensively, visiting branches, listening to the local man's views and news, counselling and keeping themselves informed.

Acklands believes that people who are asked to accept responsibility must be given adequate authority. The board's executive committee lays down broad guidelines and general operating policy, but in every other respect the company's managerial staff is encouraged to rely on its own efforts and initiative to operate profitably.

Purchasing policy for the entire organization, diversified as it is, is directed from Toronto, but the preferences of individual branches or areas for specific suppliers are carefully considered.

Branch inventories vary greatly since they reflect the needs of different industries. Acklands' branch in Esterhazy, Saskatchewan, serves the potash industry with an inventory that would not do for the company's Dauphin, Manitoba branch, which operates in an agricultural community. The inventories of the Acklands' branches in Northern British Columbia cater to the needs of the logging and construction industries in that part of the world, while those in Alberta must stock the parts, supplies and hardware items which the petroleum industry, the pipeline operators and the mining operations need.

Inventories are supervised from zone headquarters, in order to keep branches within their quota limits. Favourable arrangements with suppliers keep obsolescence of inventories at a minimum.

The size of Acklands' branches ranges from one-man satellites to operations with staffs of 100 or more. Large central warehouses sell to customers and supply goods to branches.

The branches are Acklands' listening posts. They watch and report on new developments in their areas. Any new industry, a new mine or a new construction project, any new smokestack indicates a potential Acklands' customer.

Architects will turn to an Acklands' branch for assistance with the preparation of estimates and, when such help enables them to submit the successful bid for the job, place their orders for supplies with that branch.

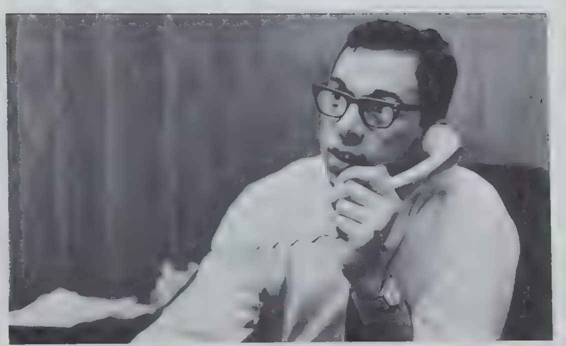
All Acklands' branches are linked by Telex or direct WATS lines, and all are backed by fully stocked warehouses in the major centres from which shipments go out the day orders are received – communication factors that help every unit of the vast organization to maintain the Acklands standards of service.

Even in the smallest community, an Acklands' manager is not isolated. He is being kept as well informed about company activities as the man in the large city branch. Provincial and divisional vice-presidents and area supervisors are frequent visitors to his office, and inventory controllers come around every few weeks.

While many of the subsidiary companies of Acklands specialized in the past in automotive supplies, and their branches featured automotive items only, the new Acklands is changing these branches into diversified operations which include hardware, especially of the industrial type, and small traffic appliances.

Although many of the branches are still identified by their original names, the large Acklands' "A" is gradually being added to their signs. Their association with Acklands is never in doubt.

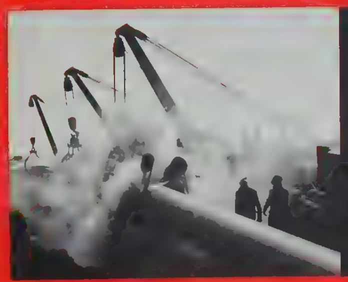
Vice-president, purchasing, Samuel H. Blank (l.) with Melville Byron, vice-president, electronics and consumer goods division.



Comptroller Arnold Glass keeps in close contact with divisional offices from his headquarters in Winnipeg.

Acklands serves major industries:

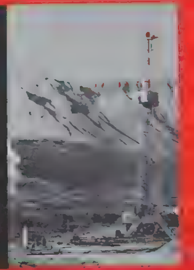
Pipeline

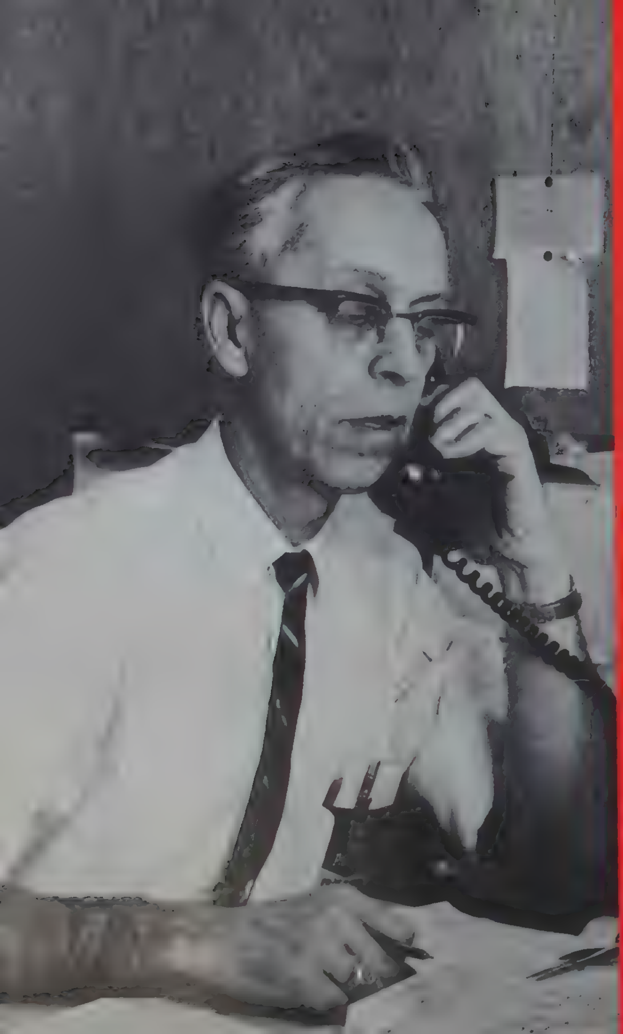


Potash

Nickel

Oil and gas





Acklands' Thrifty Valu Program

Acklands' "Thrifty Valu" program at present has more than 600 independent hardware dealer members from Vancouver Island to Quebec. The company's mercantile division which operates this program from Winnipeg expects to sign up another 1,000 retailers over the next few years. In British Columbia, the Thrifty Valu program is being operated by McLennan, McFeely and Prior Limited (Mc and Mc). The J. H. Ashdown Hardware Co. operates in Alberta, Saskatchewan and Manitoba and The George Taylor Hardware Limited is currently extending the program into other provinces.

The program provides the franchised retailer with the benefits of co-operative buying. Although entirely independent, he is – under Acklands' Thrifty Valu program – buying jointly through Acklands, with hundreds of similarly independent stores, all becoming eligible for the maximum discounts. Any one of these retailers, himself, can buy direct from an Acklands' warehouse, or pool his orders with those of other stores in the program; or he can arrange for his merchandise to be shipped to him direct from the factory. Most dealers will, at one time or another, use all three of these methods, depending on circumstances. Whichever plan they choose will make them competitive with the largest of chain stores including discount houses. Retail profit margins possible under the plan are substantial.

With the help of its computer centre in Winnipeg, Acklands has been able to determine the best-selling items, some 13,500 in number, and these are currently being offered to Thrifty Valu dealers.

Pre-printed forms serve as both catalogue and order blanks. Orders received at any Acklands' regional centre are processed through the computer in Winnipeg in a matter of minutes.

Membership in the program in no way restricts the retailer's choice of suppliers, though the substantial savings possible under the plan tend to make him progressively more and more Acklands oriented.

Four times a year Acklands organizes consumer promotions for the company's hundreds of Thrifty Valu retailers. Each spring, summer, fall and just before the Christmas holidays, more than a million printed "flyers" go out to the public advertising special features.

This is a primary assistance.

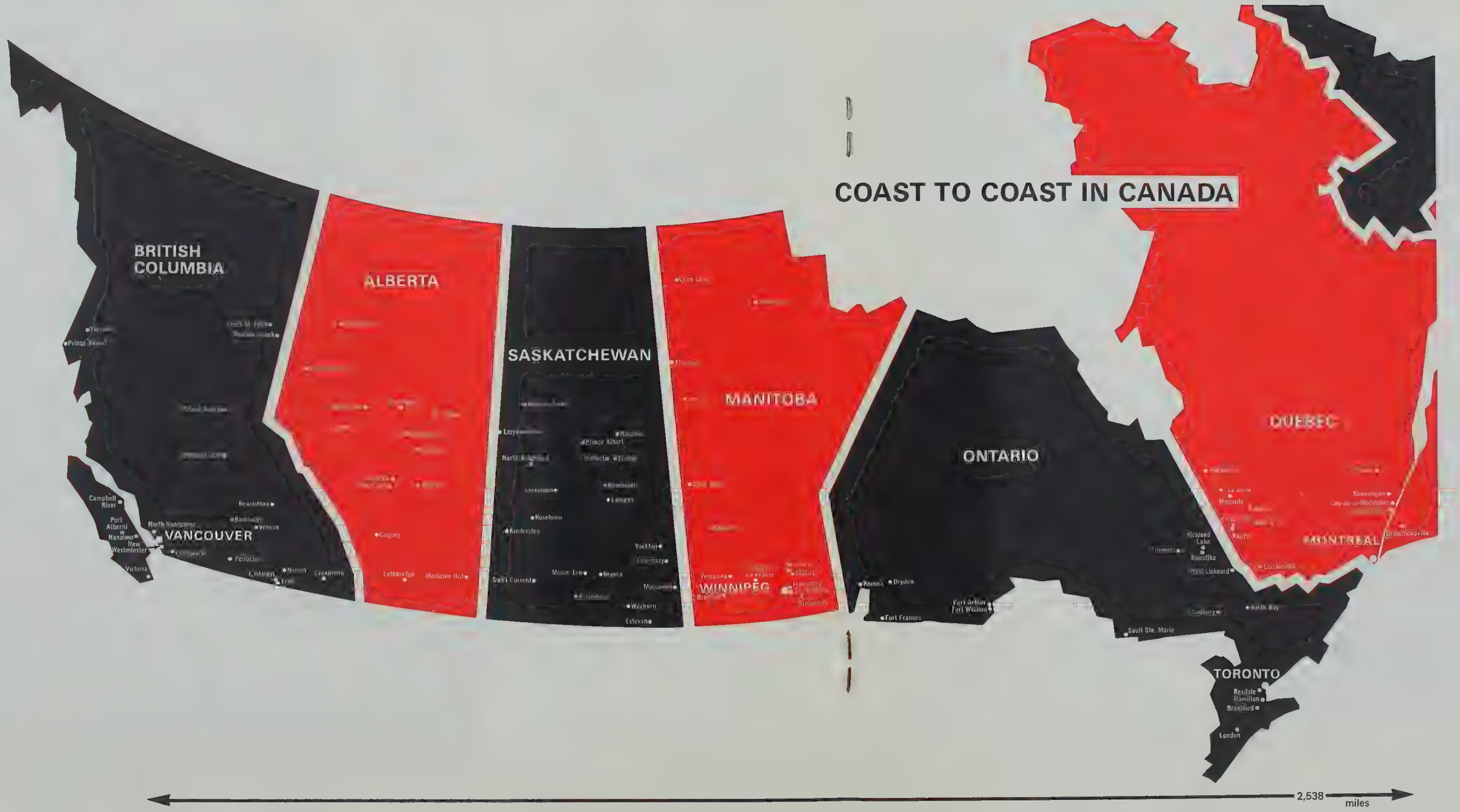
Acklands also provides its franchised dealers with colourful in-store promotional material and, when asked, offers advice on accounting and merchandising techniques.

New retailers are being recruited for the Thrifty Valu program, at trade shows which are held in all major centres, at the Acklands' exhibit at the important annual hardware show in Toronto and at other exhibitions and trade functions.

Acklands' representatives are constantly on the road, visiting Thrifty Valu dealers and helping them to make the most of the Acklands' merchandise they carry.

An editorial thought worth noting is that in Acklands we have one of Canada's largest commercial organizations, championing the cause of the small store, the independent retailer, to the undoubted benefit of all three parties concerned, consumer, dealer and Acklands. The consumer, surely, is a party to the Thrifty Valu program, too. In the Acklands' philosophy he does, in fact, come first . . . Acklands is first and foremost a service organization.

There are 204 Acklands' branches in **102** centres across Canada



British Columbia

Campbell River Castlegar
Cranbrook Chilliwack
Dawson Creek Fort St. John
Kamloops Nanaimo
New Westminster Nelson
North Vancouver Penticton
Port Alberni Prince George
Prince Rupert Revelstoke Terrace
Trail Vancouver Vernon Victoria
Williams Lake

Alberta

Calgary Camrose Edmonton
Edson Grande Prairie Lacombe
Lloydminster Lethbridge
Medicine Hat Peace River
Red Deer St. Paul Stettler
Westlock Whitecourt

Manitoba

Brandon Dauphin Flin Flon
Fort Garry Lynn Lake Neepawa
Selkirk St. Boniface Steinbach
Swan River Portage La Prairie
The Pas Thompson Transcona
Winnipeg

Ontario

Brantford Dryden Fort Frances
Fort William Hamilton Kenora
Kirkland Lake London
New Liskeard North Bay
Port Arthur Rexdale
Sault Ste. Marie Sudbury
Swastika Timmins Toronto

Saskatchewan

Assiniboia Esterhazy Estevan
Humboldt Kindersley Lanigan
Meadow Lake Melfort
Moose Jaw Moosomin
North Battleford Nipawin
Prince Albert Regina Rosetown
Saskatoon Swift Current Tisdale
Weyburn Yorkton

Quebec

Amos Cap-de-la-Madeleine
Drummondville La Sarre
La Tuque Lorrainville Macamic
Montréal Noranda Normétal
Rouyn Shawinigan
Trois-Rivières Val d'Or

36,784 Phone Calls a Year

Every work-day morning, a girl in the Vancouver office of Acklands' Western Warehouse Distributors (W.W.D.) division makes her phone calls and for 15 solid minutes at a time, talks to some eight or ten contacts of long standing.

These conversations are good business for Acklands, for the girl is one of a team of order takers who maintain daily contact with independent automotive jobbers, many of them at distant points. The orders taken down by the girl on the phone are instantly processed and go out the same day.

Some of the independent dealers for whom W.W.D. provides this service have made Acklands their only source of supply. This arrangement substantially reduces their costs and enables them to operate more profitably. There are other advantages:

Throughout the year, the W.W.D. division mails its associated jobbers helpful information bulletins on such matters as effective credit control, accounting methods, promotion ideas and other ways of building and retaining a good business.

Once a year all the associates meet to discuss their problems with W.W.D., to learn of new merchandising techniques and new inventory items, and generally refresh their ties with the trade.

These dealers, many of them operating on a modest scale, are protected by W.W.D. from losses through obsolescence of their inventories. Unsold and out-of-date items can be turned back to the warehouse at specific intervals during the year.

By careful supervision of each jobber's inventory such returns are kept to a minimum, and the W.W.D. salesmen who visit these dealers also help to keep non-producing lines off the jobber's shelves.

Not confined to British Columbia, this unique service operates now in all provinces across Canada.

Associate jobbers are entitled to many benefits extended to Acklands' own staff, including participation in group insurance and pension plans.

The associate jobber program might be called a community service. It is through these facilities that the work of communities, particularly those remote from larger centres, is assured of supplies of vital parts and of the many items of automotive hardware that keep cars and trucks on the road.

The H.C. Paul Division and the Power Town Concept

The H. C. Paul Limited division of Acklands currently holds the distribution rights for northwestern Ontario, Manitoba, Saskatchewan, Alberta and the Northwest Territories of such famous power equipment brand names as Homelite chain saws, Mercury marine motors, Toro garden equipment, Polaris snow vehicles and Honda motorcycles.

The fine roads which abound in the West allow those in search of outdoor fun to hook up a boat trailer – which the H. C. Paul division sells – put their powered boat on it and head for any of the thousands of sheets of water in the prairie provinces.

Such customers would also buy much of their camping equipment from one of the 1,200 dealers the division supplies, most of whom are able to provide the equivalent of factory service for the merchandise they sell. The H. C. Paul organization's technical staff conducts servicing classes for dealers on the division's premises in Winnipeg, and through frequent field trips, satisfies itself that dealers can cope with any repair problem.

With the arrival of the snowmobile, the power business has become an all-season year-round operation, and the H. C. Paul division expects to expand greatly its sales of this exciting new sports equipment over the next few winter seasons.

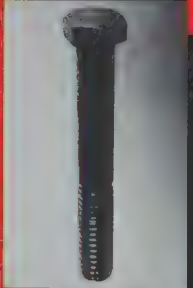
The division's concept of franchised Power Town stores is based on the already vast and still expanding leisure market for power equipment of many different kinds.

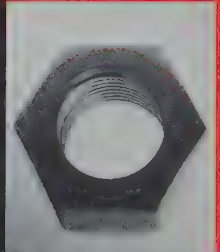
The first such store, a pilot project intended to prove the validity of the concept, has been opened in Winnipeg.

Power Town stores will be operated on a franchise basis by independent retailers who share the enthusiasm for this type of merchandise. Many such stores catering to the enormous leisure market, and specializing in powered equipment for the great outdoors, will be established under Acklands' franchise across Canada.

Here again, success and profitable growth depend on the quality of service which the purchaser is given. Dealers who carry ample stocks of parts, are able to effect repairs and, backed by the H. C. Paul division, become service enthusiasts themselves. It is customer attention, the basic philosophy of the Acklands' organization, which acts as the effective catalyst. The merchandise is there, and the market is there; already extensive, it promises still further spectacular expansion. The Acklands' approach to service extended to the individual customer, turns the potential of merchandise plus market into sales and profits, as well as employment for many hundreds of people.

60,000 Different Items





Automotive supplies, industrial hardware, welding supplies, and home lighting make up some of the 60,000 items stocked by Acklands.

Acklands' World of Electronics

Within the Acklands' organization, the electronics and consumer products division embraces Canadian Electronics Limited; the consumer division of Taylor, Pearson and Carson Limited; Acklands Electronics; Lee Bern Electronics Limited and Western Agencies Limited.

Like all other Acklands' divisions, this is a wholesale operation selling to retail dealers, but the division does sell its products also to certain categories of end users such as government agencies, police departments, industrial organizations or educational institutions. It sells traffic appliances to retailers, electronic supplies to television and radio repair shops and radio stations, and highly complex and sophisticated communications equipment to various other major users including airports.

The upper floor at division headquarters in Edmonton houses Acklands' audio-visual studio, believed to be unique in North America. Here, not only is electronic equipment demonstrated to customers, but personnel is trained in its operation, as well as in some of the creative disciplines the equipment will ultimately serve. Basic assistance in the direction of TV and radio programs is available and offered.

Other products handled by the division include dictating machines, intercom systems for apartment houses and institutions, medical electronic equipment, TV studio lighting and closed circuit television equipment, commercial refrigeration for supermarkets and institutions, and a multitude of other items needed for modern communication.

The electronics branches are linked by Telex. This enables staff to provide instant service where merchandise is concerned, but the division is not content merely to demonstrate and sell electronic equipment; it provides expert assistance and service also in the areas of planning, designing and installing highly intricate systems.

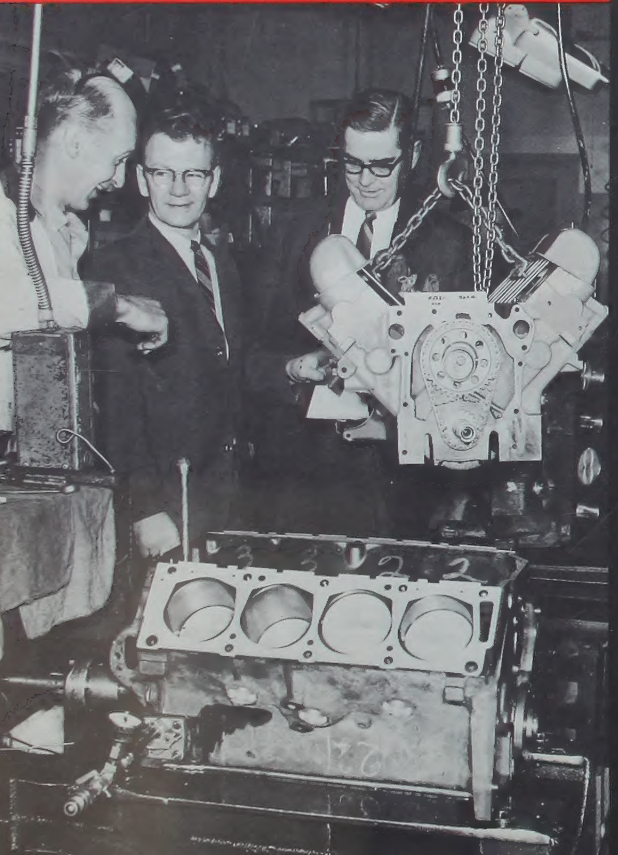
With new products being constantly developed by manufacturers and new services being demanded by the growing population, Acklands' electronics and consumer products division helps Canada's western provinces to keep pace with all advances in this new and exciting field.

Promoting Record Sales

Although conventional in many aspects of its operations, Acklands is right on top of the market in the fast moving "jet set" field of record sales and promotion in British Columbia and Alberta. As distributors of such top labels as Decca, Quality, MGM, Warner Brothers, Reprise, United Artists and other makes of popular records, Acklands' divisions supply department stores, music stores, rack jobbers and – most important – radio stations in the two provinces. Promotion tactics include personal appearances of recording artists, window displays, participation in teen-age events, tie-ins with movies and other programs likely to help the sales of records. The record divisions with their fingers firmly on the changing pulse of the entertainment world, keep always some ten top rated records in ample supply in order to meet the demand when an album suddenly soars on the disc jockey's popularity charts.

To be profitable, the distribution of records calls for sound judgment, a flair for effective promotion and the ability to make friends. The Acklands' record divisions in the West have abundantly demonstrated that they possess all three of these requirements.

A Unique Operation



W·A·R

Western Automotive Rebuilders, known within the Acklands' organization as WAR, maintains plants for the remanufacture of engines and other automotive assemblies in Saskatoon and Calgary.

The WAR division re-manufactures between 7,000 and 8,000 engines a year for the automotive repair trade under the Bowman Brothers Blue Seal label, as well as under private labels for a number of major department stores and automotive jobbers.

Such is the quality of a WAR re-manufactured engine that the division is able to offer a 12,000 mile warranty on it. Should service be needed, there are 75 warranty depots to provide it.

Acklands' central warehouses in Winnipeg, Fort William, Saskatoon, Calgary, Regina and Edmonton carry a large inventory of the engines at all times, making fast service to any outlet a matter of a Telex message.

WAR, in addition, also re-manufactures clutches, assembles crankshaft kits and, under the Raybestos label, makes brake shoes. This division is the major manufacturing operation within the Acklands' organization. It developed, as did all other Acklands' divisions, from a desire to provide the best possible service to customers.

The machine shops attached to many of the automotive branches are capable of providing specialized services in addition to maintenance work.

DATA CENTRE

Telephone lines link Acklands' far-flung branches and divisions to the data centre in Winnipeg. The operator (l.) receives a call for information which is then fed into the computer (above).

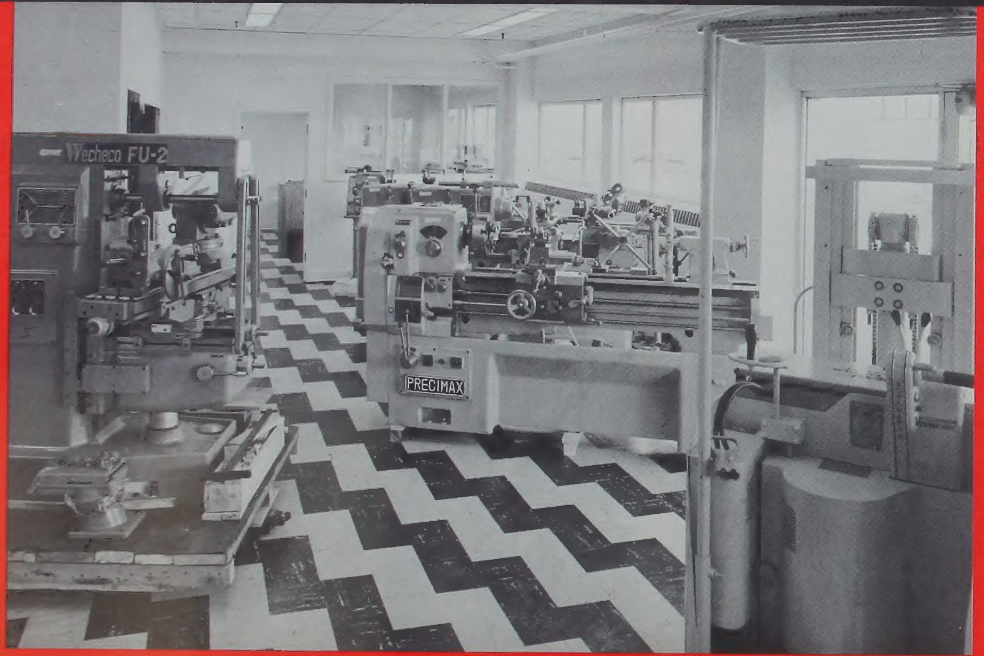
Acklands' divisions and branches, from British Columbia to Quebec, are linked and co-ordinated with the organization's data centre in Winnipeg, where the greater part of Acklands' accounting is handled.

The centre currently works with two "mechanical brains" – an IBM 360/30 and a Burroughs B/500. Between them, these exceedingly fast workers handle more than 300,000 sales invoices and 35,000 purchases every month. They issue statements of accounts receivable, pay accounts payable, handle the payroll and prepare monthly profit-and-loss analyses for the branches. Increasing use of the centre is now being made for the writing of orders.

In addition, the Acklands' data centre makes its facilities available also to other users and this is proving a significant factor in the centre's internal economy.

Through communication links of one kind or another all Acklands' centres and branches have constant and immediate access to the data centre in Winnipeg which maintains a 24-hour seven-days-a-week operation. The centre has made Acklands one of the most efficiently and smoothly functioning distributing operations in Canada.

Financing and Credit



Westward Investments Limited is the financing arm of the Acklands' organization. It offers purchasers of heavy equipment convenient and individually "tailored" time payment arrangements and also promotes the lease of capital items – a facility which leaves the customer's bank credit lines undisturbed.

Credit decisions are the responsibility of Acklands' divisional credit managers, supervised by the company's general manager of credit in Winnipeg.

Acklands is a customer-helping organization and in the last analysis credit is just one other form of service. With some 75,000 charge accounts on its books, the Acklands' organization amply demonstrates its awareness of this basic commercial truth.

The Contract Hardware Division

This division offers a much sought-after consulting service to architects and contractors.

It advises on the types of hardware best suited to the job, takes exact quantities off the blueprints and supplies careful cost estimates – a service which backs the customer's creative concepts with solid, reliable facts and figures and also saves him much valuable time.

If the architect's or the contractor's bid based on Acklands' estimate succeeds, the division is in most instances able to secure the hardware contract.

Architects and construction firms greatly value this service. They know from long experience that on this basis no delays in supply are likely to occur during construction. They know that Acklands' nearest warehouse will, without fail, supply whatever is required when and where it is needed.

Import Division

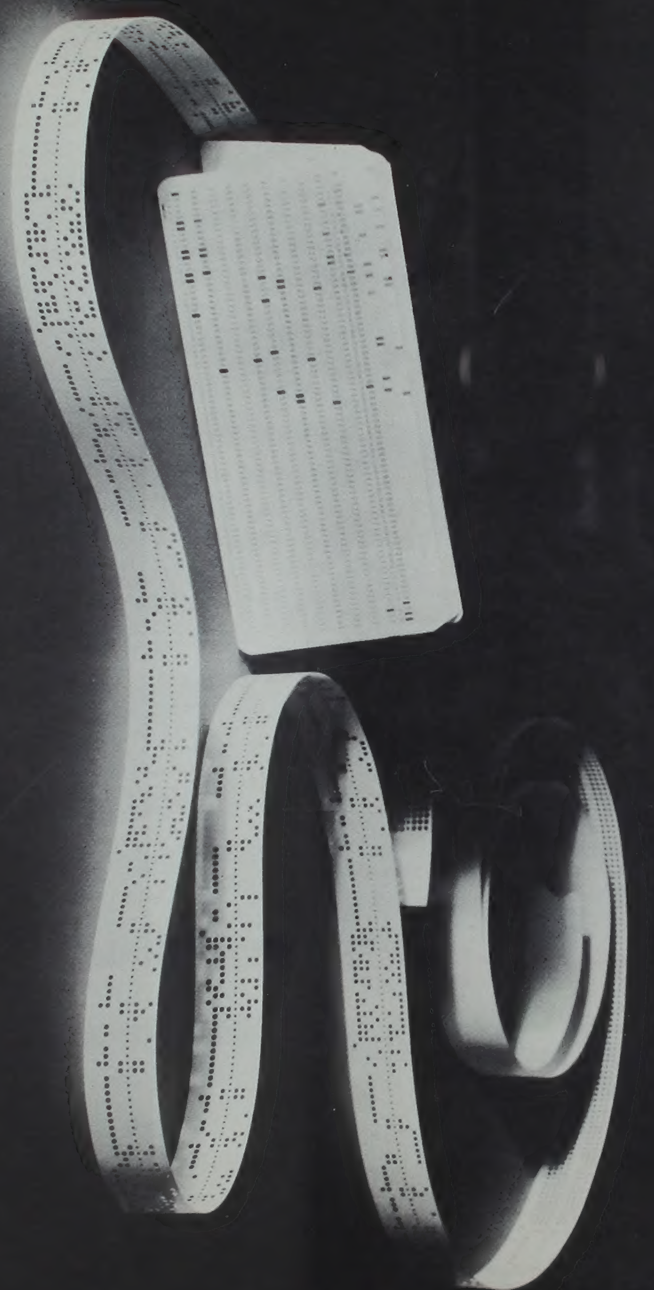
Acklands is wholly Canadian and most of the merchandise it distributes is made, or assembled, or processed, in Canada. Many other items in Acklands' warehouses and branch showrooms have to be imported and the company some time ago opened its own buying office in Japan.

Acklands' rapid growth and soaring sales have now made it necessary to expand substantially its purchases abroad to provide Canadian customers with even better values and service.

An Acklands' division, Westward Distributors, has been reorganized and staffed for this task and preliminary arrangements have already been negotiated with manufacturers in the Far East and other parts of the world.

Over the years Acklands has gained a reputation for experience and reliability in dealing with every type of need within its wide range of goods and services.

Geared to the demands of an expanding economy and eager to serve it, Acklands is determined to play an important part in the growth of Canada.



ACKLANDS LIMITED
Head Office: 125 Higgins Avenue, Winnipeg, Manitoba

ACKLANDS LIMITED
Head Office: 125 Higgins Avenue, Winnipeg, Manitoba

Printed in Canada